



## Appendix M

### Glossary

For the purpose of this policy manual the following definitions will apply:

<b><i>Accounting System</i></b>	The total structure of records and procedures which discover, record, classify, summarize and report information on the financial position and results of operations of a government or any of its funds, fund types, account groups or organizational units.
<b><i>Accounts Receivable</i></b>	An asset account reflecting amounts owed to the State by private persons or organizations for goods or services furnished by the State. This does not include amounts due to other funds within the State or due to other governmental units.
<b><i>Accrual Basis</i></b>	The basis of accounting under which transactions are recognized when they occur, regardless of the timing of the related cash flow.
<b><i>Accrued Expenses</i></b>	Expenses incurred but not due until a later date.
<b><i>Accumulated Depreciation</i></b>	A valuation account to record the accumulation of periodic credits made to record the expiration of the estimated service life of fixed assets.
<b><i>Account Group</i></b>	Account Groups are used to establish accounting control and accountability for the government's general fixed assets and the unmatured principal of its general, long-term debt. These account groups are not funds, but are accounting records and records of certain associated information.
<b><i>Agency</i></b>	Any board, department, bureau, commission employee or officer of the State or of any county in the State, and any public school district and its board (29 Del. C. 6901).
<b><i>Agency Fund</i></b>	A fund used to account for assets held by the State as an agent for individuals, private organizations, other governments and/or other funds; for example taxes collected by the State and held for the school districts.
<b><i>Annual Budget</i></b>	A budget applicable to a single fiscal year.
<b><i>Appropriated Special Fund</i></b>	A Special Fund which the Legislature has chosen to place under the same type of budget and financial controls as the State's General Fund.



<b><i>Appropriation</i></b>	An authorization granted by the legislative body to make expenditures and to incur obligations for specific purposes. An appropriation is usually limited in amount and in the time during which it may be expended.
<b><i>Appropriation Account</i></b>	A budgetary account established to record specific authorizations to spend. The account is credited with the original and any supplementary appropriations, and is charged with expenditures and encumbrances. The account is identified by an organization code.
<b><i>Appropriation Bill</i></b>	A bill by means of which appropriations are given legal effect. It is the method by which the expenditure side of the annual operating budget is enacted into law by the Legislature.
<b><i>Appropriation Type</i></b>	Codes which further define General and Special Fund appropriations.  01 Regular Appropriations 02 Supplemental Appropriations 03 Continuing Appropriations 04 Carry-over Encumbrances 20 Special Fund - NSF 30 Special Fund - ASF 40 Federal Grants 50 Capital/Bond
<b><i>Batch</i></b>	A group of DFMS forms or documents which have the same transaction code.
<b><i>Bond</i></b>	A written promise to pay a specified sum of money, the principal amount, at a specified date or dates in the future, the maturity date(s), together with periodic interest at a specified rate. The difference between a note and a bond is that a bond is for a longer period of time and requires greater legal formality.
<b><i>Budget</i></b>	A plan of financial operation representing an estimate of proposed expenditures for a given period and a proposed means of financing them.
<b><i>Budget Transfer</i></b>	A Budget Transfer in the General Fund is the transfer of an appropriation authorization from one department to another. Transfers in Special Funds are not Budget Transfers but are transfers of cash.
<b><i>Budget Unit</i></b>	The smallest organizational unit for which a formal appropriation is authorized by the Legislature.
<b><i>Carry-Over Purchase Order</i></b>	A purchase order which encumbers funds appropriated during the previous fiscal year.



<b><i>Capital Budget</i></b>	A plan of proposed capital outlays and the means of financing them.
<b><i>Capital Projects Fund</i></b>	Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds, special assessment funds and trust funds). These facilities include those provided to political subdivisions and other public organizations. These resources are derived principally from proceeds of general obligation bond issues and Federal grants.
<b><i>Cash Basis</i></b>	A basis of accounting under which transactions are recognized only when cash changes hands.
<b><i>Check</i></b>	A bill of exchange drawn on a bank and payable on demand. A check differs from a voucher in that a voucher is not an order to pay.
<b><i>Compensation</i></b>	The total amount paid by the agency for professional services.
<b><i>Debt Service Fund</i></b>	A fund established to account for the accumulation of resources for, and payment of, general long-term debt principal and interest.
<b><i>Deferred Revenues</i></b>	Amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual method, such amounts are measurable but not available.
<b><i>Depreciation</i></b>	Expiration in the service life of fixed assets attributable to wear and tear, deterioration or obsolescence.
<b><i>DFMS (Delaware Financial Management System)</i></b>	A complete automated financial management and accounting system currently utilized by the State.
<b><i>Direct Claim</i></b>	An authorized claim for payment where the funds have not been previously set aside for the payment by a purchase order (encumbrance).
<b><i>Disbursement</i></b>	Payment by currency or by check. This term is not synonymous with "expenditure".
<b><i>Enterprise Fund</i></b>	Enterprise Funds account for operations which are financed like private business enterprises. The government's intent is that the cost of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges. Enterprise funds are also used where the government has decided that periodic determination of revenues earned, expenses incurred, and net income received, is appropriate for capital maintenance, public policy, management control, accountability or other purposes.



<b><i>Encumbrances</i></b>	An accounting procedure that sets aside available funds for commitments related to unperformed contracts for goods and services, to ensure the availability of funds when payment is requested.
<b><i>Expendable Trust Fund</i></b>	A Trust Fund whose resources, including principal and earnings, may be expended.
<b><i>Expenditures</i></b>	Incurring of a liability, the payment of cash or the transfer of property for the purpose of acquiring an asset or service.
<b><i>Fiduciary Funds</i></b>	Fiduciary Funds is an umbrella term for Pension Trust Funds, Non-Expendable Trust Funds, Expendable Trust Funds and Agency Funds. These funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.
<b><i>Firm</i></b>	A person, firm, partnership, corporation, association or other legal entity permitted by law to offer professional services.
<b><i>Fiscal Period</i></b>	Any period at the end of which a governmental unit determines its financial condition and the results of its operations and closes its books.
<b><i>Fiscal Year</i></b>	A 12 month period to which the annual operating budget applies and at the end of which the State determines its financial position and the results of its operations. Delaware's fiscal year begins on July 1 of each calendar year and ends on June 30 of the succeeding calendar year (29 Del. C.)
<b><i>Fixed Assets</i></b>	Assets of a long-term character which are intended to continue to be held or used, such as land, buildings, improvements other than buildings, machinery and equipment.
<b><i>Full Cost</i></b>	For reimbursement of goods and services, full cost shall be considered all out-of-pocket costs as well as all other employment costs plus overhead costs.
<b><i>Fund</i></b>	A fiscal and accounting entity, with a self-balancing set of accounts, recording cash and other financial resources and all related liabilities and residual equities or balances, which are segregated for the purpose of carrying on specific activities in accordance with special regulations or limitations.
<b><i>Fund Type</i></b>	In governmental accounting, all funds are classified into eight generic fund types: General; Special Revenue; Debt Service; Capital Projects; Enterprise; Internal Service; Trust and Agency; and Special Assessment.



<b><i>Funding Out Clause</i></b>	A clause required in contracts which do not coincide with the State's fiscal year. The intention of the clause is to provide a means of cancelling the contract if the Legislature fails to appropriate funds for the contract's performance in future fiscal years.
<b><i>General Fixed Assets</i></b>	Fixed Assets used in operations accounted for in governmental funds and not accounted for in proprietary funds or in Trust and Agency Funds.
<b><i>General Fixed Assets Account Group</i></b>	A self-balancing group of accounts set up to account for the general fixed assets of the State.
<b><i>General Fund</i></b>	The Fund appropriated by the Legislature which is available for any legally authorized purpose and which is therefore used to account for all revenues and all disbursements not provided for in other funds. The General Fund is used to finance the ordinary operations of governmental agencies.
<b><i>General Long-Term Debt</i></b>	Long-term debt (debt with a maturity of more than one year after the date of issuance) expected to be repaid from governmental funds. This does not include special assessment bonds.
<b><i>General Long-Term Debt Account Group</i></b>	A self-balancing group of accounts set up to account for the unmatured long-term debt of the State.
<b><i>Generally Accepted Accounting Principles (GAAP)</i></b>	Uniform minimum standards of and guidelines for financial accounting and reporting. They govern the form and content of the basic financial statements of an entity. GAAP encompasses the conventions, rules and procedures necessary to define accepted accounting practice at a particular time. They include not only broad guidelines of general application, but also detailed practices and procedures.
<b><i>Grants-in-Aid</i></b>	Contributions or gifts of cash or other assets from another government to be used or expended for a specified purpose, activity or facility.
<b><i>Indirect Costs</i></b>	Those costs necessary in the production of an article or the performance of a service which are of such a nature that the amount applicable to the article or service can not be determined accurately or readily. Usually they relate to those objects of expenditure which do not become an integral part of the finished product or service such as rent, utilities, management, etc.
<b><i>Intergovernmental Voucher</i></b>	A voucher authorizing a transfer of cash or other resources between funds or between departments and/or agencies. This is not a budgetary transfer.



<b><i>Internal Service Fund</i></b>	A fund used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the State, or to other governments on a cost reimbursement basis.
<b><i>Lease-Purchase Agreement</i></b>	Contractual agreements which are termed "leases", but which in substance amount to purchase contracts.
<b><i>Manual Warrant</i></b>	An order for payment prepared by hand by the Department of Finance instead of through DFMS. The information must be entered into DFMS by the agency requesting the warrant using the MW form.
<b><i>Modified Accrual Basis</i></b>	The accrual basis of accounting where revenues are recognized when they become both measurable and available to finance expenditures in the current period. Expenditures are recognized when the related fund liability is incurred except for: (1) inventories of materials and supplies which may be considered expenditures either when purchased or when used; (2) prepaid insurance and similar items which need not be reported; (3) accumulated unpaid vacation, sick pay and other employee benefit amounts which need not be recognized in the current period, but for larger than normal accumulations must be disclosed in the notes to the financial statements; (4) interest on special assessment indebtedness which may be recorded when due rather than accrued, if offset by interest earnings and special assessment levies; and (5) principal and interest on long-term debt which are recognized when due. All government funds and Expendable Trust Funds are accounted for using the modified accrual basis of accounting.
<b><i>Material</i></b>	Materials, equipment, supplies or any of the personal property but does not include electric, gas, water, telephone or similar utilities.
<b><i>Non-Appropriated Special Fund</i></b>	A Special Fund the Legislature has not placed under the same type of budgetary and financial controls as the General Fund. A Non-Appropriated Special Fund can only encumber against cash and not estimated revenues, with the exception of federal fund purchases.
<b><i>Non-Expendable Trust Fund</i></b>	A Trust fund, the principal of which may not be expended. Non-expendable Trust Funds are accounted for in essentially the same manner as proprietary funds.
<b><i>Object</i></b>	An article purchased or a service obtained as distinguished from the results obtained from expenditures.
<b><i>Object Code</i></b>	A code used in DFMS identifying an item of expenditure.
<b><i>Obligation</i></b>	An authorized order, requisition or engagement that incurs a liability and contemplates an expenditure of funds in compliance with statutory provisions.





<b><i>Open Order</i></b>	An accounting procedure that sets aside available funds for goods and services charged as part of a normal operating procedure without being ordered with a specific purchase order, to ensure the availability of funds when payment is requested.
<b><i>Pass-Through Grants</i></b>	A grant of federal funds which is transferred by the receiving agency to an agency making use of those funds.
<b><i>Pension Trust Fund</i></b>	A Trust Fund used to account for public employee retirement systems.
<b><i>Petty Cash System</i></b>	A system designed to reduce workload in acquiring and paying for small value purchases. Under this method an account is established in an amount estimated sufficient for a period of time.
<b><i>Pre-encumbrances</i></b>	An accounting procedure that recognizes the desire to expend or encumber available funds at a future date. Total pre-encumbrances may exceed the unencumbered balance of appropriations because pre-encumbrances do not set aside available funds.
<b><i>Professional Services</i></b>	Those services within the scope of practice of architecture, professional engineering, professional land surveying, landscape architecture and geology.
<b><i>Proprietary Funds</i></b>	Proprietary Funds is the umbrella term covering Enterprise Funds and Internal Service Funds. These funds are used to account for those ongoing activities of the State which are similar to those found in the private sector. The emphasis of reporting is on net income measurement and capital maintenance.
<b><i>Public Building</i></b>	Any edifice, structure or building which is, or is to be, constructed, reconstructed, altered or repaired pursuant to a "public works contract."
<b><i>Public Works Contract</i></b>	Any contractor for the construction, reconstruction alteration or repair of any public building, road, street, highway or other public improvement; the cost of which will be paid by public funds.
<b><i>Purchase Order</i></b>	A document that authorizes the delivery of a specified merchandise or the rendering of a certain service, showing the amount of funds authorized.
<b><i>Purchasing</i></b>	The acquisition of properties, goods, services and materials in exchange for something of value (money). This does not include disbursements for grants and subsidies.
<b><i>Reconciliation</i></b>	A process conducted at the end of a fiscal period to ensure that the department maintained records and centrally maintained records are in agreement.



<b><i>Requisition</i></b>	A written request, usually from one sub-agency to the purchasing officer of the agency or between agencies, for specified articles or services. A requisition does not encumber appropriated funds, but is a pre-encumbrance.
<b><i>Retainage</i></b>	A percentage of payments due a contractor withheld by the State to ensure the provisions of the contract have been adequately met.
<b><i>Revenue Code</i></b>	A code used in DFMS identifying a source of revenue or cash receipts.
<b><i>Special Fund</i></b>	This term applies to all funds other than the General Fund. As defined by the State, any fund which must be devoted to some special use in accordance with specific regulations and restrictions, for example, a fund used to finance particular activities from the receipts of specific taxes or other revenues. Such a fund is usually created through statutory provisions to provide certain activities with definite and continuing revenues. This is not to be confused with the Special Revenue Fund used in GAAP financial reporting.
<b><i>State-Owned Material</i></b>	All equipment, supplies and materials, including vehicles, purchased in whole or in part with state-appropriated funds are assets of the State and not of the individual agency.
<b><i>Sub-grantee</i></b>	An agency or organization which receives federal funds by means of a pass-through grant.
<b><i>Supplementary Appropriation</i></b>	An appropriation authorized after final action is taken on the Budget Appropriation Bill.
<b><i>Trade-In</i></b>	Any equipment, supplies or materials which are to be replaced in-kind. The agency may exchange such equipment, supplies or materials for a credit against the purchase price or may sell it through the Department of Administrative Services. This does not refer to any equipment, supplies or materials in excess of an agency's needs.
<b><i>Transaction</i></b>	A budgeting or accounting event which is entered into DFMS using the appropriate form or document.
<b><i>Trust Funds</i></b>	Funds used to account for assets held by the State in a trustee capacity for individuals, private organizations, other governments and/or other funds.
<b><i>Unencumbered Balance of Appropriation</i></b>	That portion of an appropriation not yet expended or encumbered; the balance remaining after deducting from the appropriation the accumulated expenditures and outstanding encumbrances.
<b><i>Unexpended Balance of Appropriation</i></b>	That portion of an appropriation which has not been expended; the balance remaining after deduction from the appropriation of the accumulated expenditures.





<b><i>Unexpended Funds</i></b>	For the General Fund, it is the remaining balance of appropriations less encumbrances less cash distributions to date.
<b><i>University and College Fund</i></b>	The financial position and results of operations of State universities and colleges, including their foundations and associations, are accounted for in the University and College Fund according to existing authoritative accounting and reporting principles applicable to universities and colleges.
<b><i>Unliquidated Encumbrances</i></b>	Encumbrances outstanding.
<b><i>Vendor Identification</i></b>	A code used to identify a specific vendor name and address in DFMS. The code may be the federal employer identification number or social security number.
<b><i>Voucher</i></b>	A written document which evidences the propriety of transactions and indicates the accounts in which they are to be recorded.